



Kentucky Tax Alert



A KRC PUBLICATION FOR THE TAX PROFESSIONAL

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KRC Conducts Tax Amnesty

KRC is offering a Tax Amnesty program that gives taxpayers the opportunity to pay certain state taxes that were due on or before December 1, 2001, without paying any interest, penalties, or fees and without prosecution. The program will be offered from August 1, 2002, through September 30, 2002, for taxable periods or transactions ending after December 1, 1987, but prior to December 1, 2001.

Who is eligible for Tax Amnesty?

- Taxpayers who did not file a required return for Tax Amnesty eligible periods.
- Taxpayers who are amending their tax liability on a previously filed tax return for Tax Amnesty eligible tax periods.
- Taxpayers who have an outstanding tax liability for Tax Amnesty eligible periods.
- Taxpayers who have omitted personal or public service property from tax for Tax Amnesty eligible periods.

What taxes are not eligible for Tax Amnesty?

- Tax liabilities relating to a criminal investigation.
- Tax liabilities relating to a tax period for which Tax Amnesty was previously granted.
- Tax liabilities relating to a tax period ending on or after December 1, 2001.
- Real property taxes levied and collected locally.
- Property taxes on motor vehicles and motorboats collected by the county clerks.
- Property taxes on tangible and intangible personal property payable to a local official.

What do I submit to KRC?

Submit the following information to:

**Kentucky Revenue Cabinet
P.O. Box 429
Frankfort, KY 40602-0429**

- The Tax Amnesty application and any additional schedules.
- Applicable returns.



- Download returns from our Web page at www.amnesty.ky.gov except withholding or sales and use tax.
- To obtain blank withholding or sales and use tax returns, call toll free 1-877-ONLY-TAX (1-877-665-9829) or e-mail us at our Web page.
- For unregistered businesses, the Kentucky Tax Registration Application, Revenue Form 10A100.
- Payment in full. You may make payment by check, money order, or by credit card. Instructions for credit card payment are listed on the Tax Amnesty application. A 2.5 percent convenience fee is charged for credit card payments.

What if I do NOT take advantage of Tax Amnesty?

- Increased cost of collection fees for assessment periods eligible for Tax Amnesty and for all other due and payable accounts receivable, regardless of when due.
- The addition of a 50 percent cost of collection fee for nonfiled returns eligible for Tax Amnesty.
- The addition of a 25 percent assessment fee for audit liabilities assessed and collected for periods ending on or before December 1, 2001.
- A \$100 minimum penalty on all nonfiled returns, when the taxpayer fails to file a return or provide information after being requested to do so by KRC.

House Bill 614 passed by the 2002 General Assembly also allows KRC to:

- Publish an Internet listing of taxpayers with due and payable tax liability that also have a tax and/or judgment lien filed against them for noncompliance.
- Extend corporate officers' personal liability to include motor fuels taxes in certain circumstances.
- Impose personal liability on limited liability partners and members for withholding tax, motor fuels taxes, and sales and use tax for all tax periods.

For more information, contact us at 1-877-ONLY-TAX (1-877-665-9829) or visit www.amnesty.ky.gov on the Internet.

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Tips for Filing Amended Returns

Did you forget to include an item on your 2001 Kentucky individual income tax return? Although the 2001 individual income tax return is not eligible for Amnesty, consider filing an amended return and paying any additional tax owed as soon as possible to reduce penalties and stop interest. Each year thousands of Kentucky taxpayers receive information after they file their return that results in either an additional refund or an additional amount due.

KRC personnel often correct Kentucky returns during processing which may eliminate the need to file an amended return. However, if corrections are not made during processing, file Form **740-X, Amended Kentucky Individual Income Tax Return** to make changes to your already filed tax return. If you are a nonresident or part-year resident taxpayer, use form **740-NP** and check the amended return box.

When completing Form 740-X, include copies of any schedules that have been changed or any Forms W-2 you did not include with your original return. Also provide a complete explanation of the changes on page 2 of the return. A blank space is provided on page 1 of Form 740-X for the seven-digit validating number of the original filed return. The validating number is either stamped on the face of the taxpayer's cancelled check for pay returns, or printed on the face of the taxpayer's refund check. This number will assist KRC personnel in locating the original return.

Some of the most common reasons for filing amended Kentucky returns are to:

- report additional Forms K-2, Wage and Tax Statement;
- adjust the number of dependents or tax credits claimed;
- report additional income such as interest or income from partnerships;
- itemize deductions rather than take the standard deduction;
- claim the low income credit;
- claim pension exclusions;
- correct a failure to claim carryover amounts from Schedule D;
- claim credit for taxes paid to other states; and
- change filing status.

Forms are available from Support Services Branch for bulk mailings at (502) 564-3658, *TaxFax*, fax-on-demand service at (502) 564-4459, KRC's Online Taxpayer Service Center at www.revenue.state.ky.us or one of KRC's nine regional taxpayer service centers:

Ashland
134 Sixteenth Street
(606) 920-2037

Bowling Green
201 West Professional Park Court
(270) 746-7470

Corbin
15100 North US 25E, Suite 2
(606) 528-3322

Hopkinsville
181 Hammond Drive
(270) 889-6521

Louisville
620 South Third Street, Suite 102
(502) 595-4512

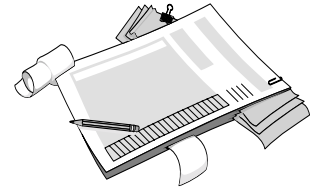
Northern Kentucky - Florence
Turfway Ridge Office Park
7310 Turfway Rd., Suite 190
(859) 371-9049

Owensboro
401 Frederica Street
Building C, Suite 201
(270) 687-7301

Paducah
Clark Business Complex, Suite G
2928 Park Avenue
(270) 575-7148

Pikeville
Uniplex Center
126 Trivette Drive, Suite 203
(606) 433-7675

For assistance with completing the amended return, call the Division of Compliance and Taxpayer Assistance at (502) 564-4581 or any of the taxpayer service centers located throughout the state.



Electronic Filing Increases 21 Percent

KRC reports that the use of electronic filing methods for tax year 2001 individual income tax returns increased 21 percent over the tax year 2000 filing season. Electronic returns fall into one of three categories: Telefile (telephone filing), Online (Internet filing), or Electronic (typically tax preparers). This year to date, over 606,000 returns have been filed electronically compared to 499,000 returns in 2000.

The number of electronically filed returns by preparers this year increased to 482,000 compared to 405,000 in 2000. In its fourth year of offering Telefile, KRC accepted over 50,000 returns filed by phone. The previous year, over 47,000 returns were filed by phone. The number of taxpayers filing online for tax year 2001 increased to over 74,000 compared to over 46,000 filed in tax year 2000.

KRC will continue to accept tax year 2001 individual income tax returns filed electronically and via the Internet through October 15, 2002. Those taxpayers eligible to use telephone filing will have until August 15, 2002, to file returns.

State Property Tax Rate Set at 13.5 Cents for 2002

KRC Secretary Dana Mayton announced that the 2002 state real property tax rate is 13.5 cents per each \$100 of assessed value.



Last year's rate was 13.6 cents. KRS 132.020 requires KRC to set the real property rate no later than July 1 of each year. According to Secretary Mayton, "The estimated total real property assessment for the 2002 tax year is approximately \$151 billion, up from \$143 billion in 2001."

Property taxes, once the primary source of state and local government revenue, now account for only about 6 percent of the state's annual General Fund revenues.

KRC Accepts Credit Card Payments

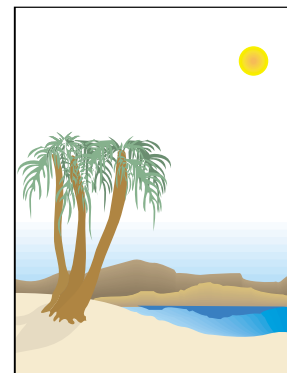
KRC is now accepting payments by credit card for outstanding delinquent tax liabilities. Both Visa and MasterCard are accepted. To make a payment by credit card, contact a representative in the Division of Collections at (502) 564-4921.

In order to expedite the transaction, have the tax account information (i.e., case number, type tax, and account number) or Notice of Tax Due available. This will assist the representative in locating the tax information. Also, have the credit card information ready. This includes the cardholder's name, credit card type and number, expiration date, and the address as it appears on the cardholder's billing statement. The representative will then accept the credit card information by telephone and, if approved, provide a payment authorization code. A 2.5 percent convenience fee is charged.



KRC Offices Closed Sept. 2 for Labor Day

Pursuant to KRS 18A.190, all KRC offices are closed on Monday, Sept. 2, 2002, in observance of Labor Day.



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KRC can be found on the World Wide Web at www.revenue.state.ky.us

The mission of the Kentucky Revenue Cabinet is to...
 Provide courteous, accurate and efficient services for the benefit of the Commonwealth and administer Kentucky tax laws in a fair and impartial manner.

**The Kentucky Revenue Cabinet
 Mission Statement**

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